AMERICAN VANADIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2013

Background

This management discussion and analysis ("MD&A) of financial position and results of operation for American Vanadium Corp. (the "Company" or "American Vanadium") is prepared as at May 28, 2013. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2013 and with the Company's audited financial statements as at and for the year ended December 31, 2012.

Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Company Overview

Headquartered in Vancouver, Canada, the Company is a junior mining company focusing on the exploration and development of vanadium resources in the United States. The Company's primary exploration property is the Gibellini Property ("Gibellini"), located in Eureka County, Nevada. In September 2011, the Company announced results from a feasibility study of Gibellini and an updated National Instrument 43-101 technical report was released in October 2011.

In December 2012, the Company submitted a Plan of Operation for Gibellini to the US Bureau of Land Management and a Reclamation Plan to the Nevada Division of Environmental Protection. These are significant steps required for the permitting process.

Currently, the Company is focusing its operational resources on three primary initiatives:

1. Continuing work with regulatory agencies to obtain permits required to mine the Gibellini ore deposit;
2. Participating in the supply of high-value vanadium products, including grid-scale energy storage; and
3. Securing short and long-term financing for operating and project requirements.

In May 2013, the Company entered into a master sales agreement with Gildemeister Energy Solutions, Cellstrom GmbH ("Gildemeister") of Germany, whereby the Company will market and sell Gildemeister's CellCube vanadium redox flow batteries in North America. The distribution activities could be operated independently of operating a mine at Gibellini, while availing of synergies from having an internal supply of vanadium. This agreement represents a significant step towards the Company becoming a provider of energy storage and micro grid solutions in North America.

The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "AVC".

Mineral Property Overview

The following mineral property overview has been reviewed and approved by Alan Branham, a member of the American Institute of Professional Geologists (CPG#10979), a Certified Professional Geologist, and a "qualified person" as that term is defined in National Instrument 43-101.

Gibellini Property, Eureka County, Nevada

The Gibellini Property is approximately 4,254 acres in area and consists of 428 unpatented lode mining claims and seven placer claims. Of the unpatented lode claims, the Company holds 100% title to 376 claims. The remaining 52 claims are leased through on-going payments of US$144,000, annually. These payments are treated as prepayments of net smelter royalties on future mine production from the property. The Company also holds title to the seven placer claims.

American Vanadium conducted a drilling program to obtain samples for metallurgical testing and verification of historic drill data. All metallurgical test work was performed by McClelland Laboratories (McClelland), of Sparks, NV. The holes were sited and drilled north and south of the holes used for a 2008 preliminary economic assessment to obtain a spatial representation of the mineralization across Gibellini. Metallurgical analysis performed on mineral samples from Gibellini indicates that the property's unique disseminated, sedimentary deposit allows for simple, sulphuric acid heap leach processing.

The Company engaged AMEC of Sparks, Nevada to produce a feasibility study (the "Feasibility Study") and a National Instrument 43-101 compliant technical report (NI 43-101 Technical Report, Gibellini Vanadium Project, Nevada, USA by Hanson, Orbock, Hertel and Drozd, August 31, 2011) covering the Gibellini Hill and Louie Hill deposits on the Gibellini Property (the "Technical Report"). The Feasibility Study was completed in September 2011, with the Technical Report released in October 2011.

As part of the work program for the Feasibility Study, the Company completed a bulk sampling program in 2010, comprising the collection of samples from both oxide and transition vanadium zones from four different trenches on the project, and a two-phased diamond drill program. The first phase of diamond drilling obtained samples from 500 feet of core from each metallurgical types across six holes for a comprehensive metallurgical testing program. The second phase of

diamond drilling resulted in geotechnical data that will provide information for design of the open pit, waste dump and access road designs.

American Vanadium and previous operators have drilled a total of 280 drill holes (51,265 ft) on Gibellini since 1946, comprising 16 core holes (4,046 ft), 169 rotary drill holes (25,077 ft; note not all drill holes have footages recorded) and 95 RC holes (22,142 ft).

The Technical Report shows that the Gibellini Hill deposit consists of:

- 120.5 million pounds of Proven and Probable vanadium pentoxide ("V_2O_5") reserves from 20.0 million tons of ore at an average grade of 0.302%;
- 131.37 million pounds of Measured and Indicated V_2O_5 resources (inclusive of Proven and Probable reserves) from 23.05 million tons of ore at an average grade of 0.285%; and
- 49.42 million pounds of Inferred V_2O_5 resources from 14.23 million tons of ore at an average grade of 0.172%.

The Technical Report shows that the Louie Hill deposit consists of 41.87 million pounds of Inferred V_2O_5 resources from 7.67 million tons of ore at an average grade of 0.27%.

The Feasibility Study shows that an operating mine would have an after-tax net present value of US$170.1 million at a discount rate of 7%, and would generate an after-tax internal rate of return of 43%. Other highlights of the Feasibility Study are:

- 0.22 to 1 (waste:ore) strip ratio;
- 3.5 million tons mined per year;
- 65.9% average V_2O_5 recovery;
- 11.4 million pounds average annual V_2O_5 production;
- US$4.10 average operating cost of per pound of V_2O_5;
- US$95.5 million capital cost; and
- US$10.95 per pound average V_2O_5 selling price of over the life of mine.

The following operational, regulatory, and environmental steps have been taken in order to advance Gibellini towards development:

1. In August 2011, the Company obtained the necessary rights for all water usage that is required to operate a mine.
2. In November 2011, the Company awarded Scotia International of Nevada, Inc. a contract to manage the basic and detailed engineering, procurement and construction processes required during to develop a mine. In October 2012, the scope of this contract was enhanced to include engineering design of a borrow pit at Gibellini and electrolyte production. During the three months ended March 31, 2013, the Company recorded expenses of $326,053 for basic engineering work and borrow pit design and $215,187 for design work on electrolyte production that conducted under the scope of this agreement and scope amendments. As at March 31, 2013, the Company had a deposit for future work totaling $568,895.

3. In April 2012, Mr. Ron Espell was appointed Vice President, Environmental. Mr. Espell will lead the initial environmental permitting of Gibellini, as well as ongoing environmental management.
4. In December 2012, the Company submitted its Plan of Operation to Bureau of Land Management (“BLM”) and Nevada Division of Environmental Protection (“NDEP”) to obtain all required operating permits and approvals. The Plan of Operations which details the plan for Gibellini from mine design, to processing facilities, to reclamation plan, was deemed complete by the BLM and the Notice of Intent to Prepare an Environmental Impact Statement was published in the Federal Register on April 22, 2013. Importantly, the Plan of Operations incorporates numerous product outputs for high purity vanadium products for the titanium alloying industry as well as electrolyte for the vanadium flow battery market. Preparation of the Nevada state permit applications is on-going and is expected to be submitted to the NDEP in the third quarter 2013.
5. During the three months ended March 31, 2013, the Company spent $137,424 for on-going mineral claim leases and incurred $920,809 in exploration and evaluation expenses.

The Company has made progress towards proving the purity of its own reserves as well as developing purification processes. Initial lab results have shown that vanadium produced from Gibellini is well-suited for use as an electrolyte for mass storage batteries as well as other higher margin product lines such as aluminum and titanium vanadium master alloys.

Del Rio and Hot Creek Projects, Eureka County, Nevada

In September 2010, the Company acquired mineral rights to the Del Rio Project (“Del Rio”), a vanadium project located approximately eight miles south of Gibellini. These wholly-owned mineral rights carry no royalty burden and were acquired by staking 120 unpatented lode claims on lands administered by the Bureau of Land Management. To date, work completed on Del Rio includes geologic mapping and sampling on the four square mile claim block. This work identified vanadium-bearing shale exposed at surface which is mineralized over 1800 feet (550 metres) of strike and 1200 feet (360 metres) of width. Five trenches were sampled in this target area. Mapping identified that all zones were oxidized with mineralogy that suggests targets on the Del Rio have potential for an enriched vanadium zone at depth. The oxidized zone had similar grades to the Gibellini deposit with one area containing over 1% V_2O_5 at the surface.

In 2010, a smaller vanadium prospect, Hot Creek, was also acquired by staking 18 claims south of Del Rio with vanadium bearing shale, similar in geologic setting to Gibellini. This prospect will be explored along with the Del Rio. Values up to 0.5% V_2O_5 have been found along a one kilometre long zone of favourable oxidized shale exposed along a ridge. The prospect appears to be located in a large thrust fault along the trend of Gibellini.

Voluntary Change in Accounting Policy

The Company is party to a long-term engineering, procurement and construction management contract. Payments made pursuant to the contract are initially recorded as a deferred expense asset, which is then amortized on a percentage-of-completion basis in accordance with IAS 11 “Construction Contracts”. As at and prior to December 31, 2012, the Company measured

percentage-of-completion on the basis of hours spent on the related project by the contractor as a proportion of total expected hours required. Commencing January 1, 2013, the Company now measures percentage-of-completion on the basis of elapsed time since the inception of the contract as a proportion of the estimated duration of the related work. The change in the basis of measurement of percentage-of-completion was made in order to more accurately recognize the Company's contract expense in a reported period.

The change in measurement basis for percentage-of-completion has been applied retrospectively to all periods reported in MD&A. Although the total expense pursuant to the contract does not change, the timing of recognition of this expense over the life of the contract has resulted in comparative balances being different than those that were previously reported.

A reconciliation of certain comparative balances, as initially presented in accordance with the previous basis of measurement, to their current presentation is included in Note 3 of the Company's unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2013.

Financial Review

As an exploration-stage company, American Vanadium does not have any operating revenues and its accounting policy is to expense exploration and evaluation expenditures incurred until technical and economic feasibility on a specific property has been established and the Company has obtained sufficient financing to fund mine development. The Company has established the technical and economic feasibility on its primary mineral property, Gibellini, but does not have the funds required for development. As such, the Company continues to recognize an expense for all exploration and evaluation expenditures as incurred.

To date, the Company has not earned any revenues from vanadium sales, has not declared any cash dividends, and has not held any long-term debt.

Significant financial statement items are as follows:

	March 31 2013	December 31 2012
	$	$
		Restated
Balance Sheet:		
Cash	**48,555**	1,716,318
Total assets	**4,056,717**	4,648,886
Long-term liabilities	**-**	-

For the three months ended	**March 31 2013**	March 31 2012
	$	$
		Restated
Operations:		
Exploration expenditures	**920,809**	1,397,016
Administrative costs		
General	**518,163**	578,135
Stock-based compensation	**14,095**	95,088
Foreign exchange (gain) loss	**(24,905)**	36,008
Interest income	**(617)**	(4,228)
Net comprehensive loss	**1,427,545**	2,102,019
Basic and diluted loss per share	**0.04**	0.08
Dividends per share	**-**	-

Total assets

The decrease in total assets as at March 31, 2013 to $4.1 million from $4.6 million as at December 31, 2012 is largely a result of cash expenditures for operating activities of $1.5 million, which was partially off-set by $0.9 million in proceeds for an April 2013 private placement of common shares that was received in March 2013 and an increase of $0.1 million to mineral properties.

The $1.5 million in operating expenditures relate primarily to exploration and evaluation work on Gibellini, general and administrative expenses, payments for the engineering management contract and the payment of accounts payable and accrued liabilities recorded as at December 31, 2012.

Net comprehensive loss

As the Company has no sources of operating income, the net comprehensive loss for the three months ended March 31, 2013 was $1.4 million, compared with net comprehensive loss for the three months ended March 31, 2012 of $2.1 million. This decrease is primarily a result of a decrease in exploration and evaluation expense of $476 thousand reflecting changes to the expected timeline for basic engineering work performed on Gibellini. Additionally stock-based compensation decreased by $81 thousand, reflecting the fact that most options currently outstanding are fully vested, a foreign

exchange gain of $24 thousand in 2013 compared with a loss of $36 thousand in 2012, and general reductions in travel and other administrative costs reflecting the Company's cost-containment efforts.

Results of Operations

Select expenses incurred by the Company are as follows:

	For the three months ended March 31, 2013	For the three months ended March 31, 2012
	$	$
		Restated
Exploration and evaluation expenses	**920,809**	1,397,016
General and administrative expenses:		
Salaries and benefits	**194,738**	219,768
Consulting	**111,152**	122,775
Office facilities and administrative costs	**42,852**	47,640
Investor relations and shareholder information	**42,287**	54,524
Audit and legal	**34,198**	9,997
Other	**32,190**	31,524
Travel	**31,865**	70,526
Office and sundry	**28,881**	21,381
Stock-based compensation	**14,095**	95,088
Total general and administrative expenses	**(532,258)**	(673,223)
Foreign exchange gain (loss)	**24,905**	(36,008)
Interest income	**617**	4,228
Net comprehensive loss	**(1,427,545)**	(2,102,019)

All of the exploration and evaluation expenses incurred for the three months ended March 31, 2013 relate to work conducted on Gibellini. These costs include: $326 thousand for engineering, procurement and construction management; $258 thousand for metallurgy; $160 thousand for environmental permitting; $65 thousand for office and administrative costs directly related to Gibellini.

Stock-based compensation expense for the three months ended March 31, 2013 was $14 thousand, compared with $95 thousand for the three months ended March 31, 2012. This decrease is owing to fewer options being granted or vesting in the current period than in the comparative period.

Other general and administrative expenses were consistent between the three months ended March 31, 2013 and the three months ended March 31, 2012.

The Company recorded a $25 thousand foreign exchange gain for the three months ended March 31, 2013 which resulted from a decrease in the value of the Canadian dollar against the US dollar; compared to a foreign exchange loss of $36 thousand for the three months ended March 31, 2012.

Financial Condition, Liquidity and Capital Resources

As at March 31, 2013, the Company had a working capital deficit of $276 thousand compared to working capital of $1.2 million as at December 31, 2012. The March 31, 2013 deficit includes cash of $49 thousand, restricted cash of $920 thousand, and $569 thousand in deferred engineering management expense and deposit, offset by liabilities of $2.1 million. The decrease in the Company's working capital during the three months ended March 31, 2013 resulted from cash expenditures for mineral exploration and evaluation, as well as for general and administrative purposes. Subsequent to March 31, 2013, the Company reclassified a $920 thousand liability as at March 31, 2013 for subscription receipts received for a private placement to share capital upon the completion of the private placement. This resulted in an increase to working capital of $920 thousand.

The Company will use its existing working capital to fund near-term general and administrative expenses, but additional funds will be required to fund the required permitting process and design, engineering and development costs for a mine at Gibellini and to pay for long-term administrative expenses. Possible funding sources include equity or debt financing, and although the Company has been successful with its equity financings in the past, there is no assurance that future financing will be available or that financing terms will be attractive.

In April 2013, the Company raised $1.1 million ($920,000 received in March 2013), net of cash issuance costs, from a non-brokered private placement of 1,607,698 common share units at a price of $0.70 per unit. Each unit consists of one common share and on-half of one common share purchase warrant. In addition, $35 thousand was received through the exercise of stock options during the three months ended March 31, 2013.

Management is actively targeting sources of additional financing which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. Possible funding sources include equity or debt financing, and although the Company has been successful with its equity financings in the past, there is no assurance that future financing will be available or that financing terms will be attractive.

As of May 28, 2013, the Company has 35,185,198 common shares issued and outstanding. An additional 3,834,359 warrants are outstanding, exercisable into common shares at prices between $1.00 and $1.20, and there are 2,344,250 stock options outstanding of which 1,664,250 are currently vested and "in the money".

Summary of Quarterly Results:

For the Three or Four Months Ended	Exploration and Evaluation[2]	General Expenses[3]	Stock-based Compensation[3]	Interest Income[4]	Net Comprehensive Loss	Basic and Diluted Loss Per Share
	$	$	$	$	$	$
March 31, 2013	920,809	518,163	14,095	(617)	1,427,545	0.04
December 31, 2012[5]	1,004,061	512,166	17,732	(1,352)	1,567,430	0.05
September 30, 2012[5]	1,238,299	539,863	41,620	(1,814)	1,784,533	0.07
June 30, 2012[5]	989,741	673,895	180,340	(2,305)	1,818,146	0.07
March 31, 2012[5]	1,397,016	578,135	95,088	(4,228)	2,102,019	0.08
December 31, 2011[1]	752,715	875,056	228,456	(8,588)	1,660,534	0.06
August 31, 2011	726,009	433,461	162,962	(7,193)	1,297,666	0.05
May 31, 2011	1,104,214	438,109	389,952	(2,897)	1,932,245	0.09

Explanatory Notes:

1. Due to a change in financial year-end from February 28 to December 31, the Company did not issue results for the three months ended November 30, 2011. Instead, the period ended December 31, 2011 is a four-month period.
2. Exploration and evaluation costs for the three months ended May 31, 2011 were higher than those incurred for most subsequent quarters as the Company incurred charges to complete the Feasibility Study. Exploration and evaluation costs for the three months ended September 30, 2012 increased to $1.4 million primarily owing to environmental permitting and engineering charges incurred to complete the Plan of Operation, and have subsequently decreased as the Company awaits permitting results and seeks financing to develop Gibellini.
3. With increasing mineral exploration, general expenses have also increased since May 31, 2011 as additional corporate-level support has been required to fund and facilitate mineral exploration. Likewise, as additional employees have been hired and stock options granted, there is a general trend to increasing stock-based compensation expense, although as many options became fully vested, stock-based compensation has fallen sharply since the quarter ended June 30, 2012.
4. The Company earns interest income from funds on deposit but has no operating revenue. Interest income is dependent upon the amount of funds on deposit and interest rates paid.
5. Following the change described under “Voluntary Change in Accounting Policy,” herein, amounts reported for exploration and evaluation expense, net loss and loss per share for certain periods have been restated.

Transactions with Related Parties

During the three months ended March 31, 2013, a $19,500 (2012 - $19,500) expense was recorded for office facilities, corporate and administrative services provided by a company jointly controlled by a director of the Company, of which $15,823 (December 31, 2012 - $27,605) is included in accounts payable and accrued liabilities.

During the three months ended March 31, 2013, a $45,000 expense (2012 - $45,000) was recorded for consulting services provided by a company jointly controlled by a director of the Company.

Included in prepaid expenses as at March 31, 2013 is $10,000 (December 31, 2012 - $10,000) advanced to the Chief Executive Officer of the Company for corporate expenses to be incurred

on the Company's behalf. Included in accounts payable and accrued liabilities is a total of $21,765 (December 31, 2012 - $10,186) owing to this officer.

Included in accounts payable and accrued liabilities as at March 31, 2013 is a total of $13,297 (December 31, 2012 - $21,453) owing to the Executive VP, Operations; and $1,784 (December 31, 2012 - $4,343) owing to the Vice President, Environmental.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments and Risk Management

As at March 31, 2013, the Company's financial instruments are comprised of cash, restricted cash, amounts receivable, reclamation deposits and accounts payable and accrued liabilities. With the exception of cash and restricted cash, all financial instruments held by the Company are measured at amortized cost. The fair values of these financial instruments approximate their carrying value due to their short-term maturities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values.

The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

	Level 1	**Level 2**	**Level 3**
	$	**$**	**$**
Cash	48,555	**-**	**-**
Restricted cash	920,000	**-**	**-**
Total	968,555	**-**	**-**

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

A portion of the Company's expenses are incurred in United States dollars and financial instrument balances are held in this currency. A significant change in the currency exchange rates between the Canadian dollar relative to the United States dollar could have a negative effect on the Company's results of operations, financial position or cash flows.

The Company has not hedged its exposure to currency fluctuations and, as at March 31, 2013, the Company held $18,858 (December 31, 2012- $133,507) in United States dollars. A prolonged $0.10 increase (decrease) in the value of the Canadian dollar compared with the United States dollar would result in a $1,859 foreign exchange loss (gain) based on United States dollar holdings as at March 31, 2013.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company requires additional financing to fund its existing financial obligations. Although, the Company has successfully accessed capital markets to fund its operations to date and management believes such sources remain available to the Company in the future, there is no assurance that such financing will be available to the Company on favourable terms.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in short-term interest bearing accounts which pay relatively low rates of interest, the Company considers the interest rate risk to be limited.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and will attempt to raise additional funds as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2013. The Company is not subject to externally imposed capital requirements.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

The following securities are outstanding at May 28, 2013:

Common shares issued and outstanding	35,185,198
Shares issuable on the exercise of outstanding stock options	2,344,250
Shares issuable on the exercise of share purchase warrants	3,834,359
Performance shares issuable through completion of operational milestones	785,000*

* Up to an additional 2,700,000 performance shares have approved by the Company's Board of Directors and/or its shareholders, but agreements have not been finalized or submitted to the Exchange for approval.

Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Notwithstanding the accounting policy change discussed under "Voluntary Change to Accounting Policy," herein, the Company's significant accounting policies and estimates are included in Note 3 of its audited financial statements for the year ended December 31, 2012.

Future Changes in Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. These standards have been assessed to not have a significant impact on the Company's financial statements:

i. IAS 32, "*Financial Instruments: Presentation*"

IAS 32 is amended to clarify requirements for offsetting financial assets and financial liabilities. This accounting policy is effective for fiscal years beginning on or after January 1, 2014.

ii. IFRS 7, "*Financial Instruments: Disclosures*"

IFRS 7 is amended to enhance disclosure requirements related to offsetting financial assets and financial liabilities. This accounting policy is effective for fiscal years beginning on or after January 1, 2015.

iii. IFRS 9, "*Financial Instruments*"

The IASB intends to replace IAS 39 – "*Financial Instruments: Recognition and Measurement*" in its entirety with IFRS 9. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, in which case it is at fair value through profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

Risks and Uncertainties

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares will be required to fund its activities. There can be no assurance that it will be able to do so in the future.